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## Nicaragua

## Sugar

## Annual Report

## 2009

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**Report Highlights:**

Sugar cane production during the 2008/2009 season which last from November through May in Nicaragua is estimated to be 5,062,233 metric tons (MT). Major export destinations in 2008 included the United States, Canada, and Haiti. The average sugar cane yield is estimated to be 78.5 MT per hectare (HA) in 2008/2009 versus 76.6 in 2007/2008. Sugar production is estimated to be 431,000 MT, 15% lower than the 2007/2008 season. The 2009/2010 forecast for sugar production is 430,000 MT.

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### Executive Summary

Sugar cane production during the 2008/2009 season is estimated to be 5,062,233 metric tons (MT). Major export destinations in 2008 included the United States, Canada, and Haiti. The average sugar cane yield is estimated to be 78.5 MT per hectare (HA) in 2008/2009 versus 76.6 in 2007/2008. Sugar production is estimated to be 431,000 MT, 15% lower than the 2007/2008 season. The 2009/2010 forecast for sugar production is 430,000 MT.

**Table 1. Sugar Cane for Centrifugal Sugar: Supply and Utilization**

Sugar Cane for Centrifugal Nicaragua	2008			2009			2010			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Planted		68	64			64			67	(1000 HA)
Area Harvested		68	64			64			67	(1000 HA)
Production		6,000	4,929			5,062			6,000	(1000 MT)
Total Supply		6,000	4,929			5,062			6,000	(1000 MT)
Utilization for Sugar		5,755	4,121			3,662			4,000	(1000 MT)
Utilization for Alcohol		245	808			1,400			2,000	(1000 MT)
Total Utilization		6,000	4,929			5,062			6,000	(1000 MT)

*Area planted, area harvested and production are all up due to the local industry's interest in exporting sugar or ethanol to international markets to benefit from higher prices. Sugar cane utilization for ethanol is increasing on the local market for exports. The local industry continues to see potential in exporting ethanol for fuel.*

Table 2. Centrifugal Sugar: Production, Supply and Demand

Sugar, Centrifugal Nicaragua	2008		2009		2010			
	2007/2008		2008/2009		2009/2010			
	Market Year Begin: Sep 2007		Market Year Begin: Sep 2008		Market Year Begin: Sep 2009			
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan		
		Data		Data		Data		
Beginning Stocks	102	50	102	112	35		35	(1000 MT)
Beet Sugar Production	0	0	0	0	0		0	(1000 MT)
Cane Sugar Production	490	540	496	545	431		430	(1000 MT)
Total Sugar Production	490	540	496	545	431		430	(1000 MT)
Raw Imports	0	0	0	0	0		0	(1000 MT)
Refined Imp.(Raw Val)	0	0	0	0	0		0	(1000 MT)
Total Imports	0	0	0	0	0		0	(1000 MT)
Total Supply	592	590	598	657	466		465	(1000 MT)
Raw Exports	237	290	235	300	181		180	(1000 MT)
Refined Exp.(Raw Val)	6	6	3	8	4		3	(1000 MT)
Total Exports	243	296	238	308	185		183	(1000 MT)
Human Dom. Consumption	217	217	322	228	246		247	(1000 MT)
Other Disappearance	20	27	3	20	0		0	(1000 MT)
Total Use	237	244	325	248	246		247	(1000 MT)
Ending Stocks	112	50	35	101	35		35	(1000 MT)
Total Distribution	592	590	598	657	466		465	(1000 MT)

### Production

The Nicaraguan sugar cane harvest runs from November through May. Preliminary production data for the 2008/2009-crop year indicate a total sugar cane output of 5,062,233 MT. The 2009/2010 forecast for sugar cane is 6.0 million MT assuming good weather conditions.

According to the National Committee of Sugar Producers (NCSP) in the 2008/2009 season, total sugar production is estimated to be 431,000 MT, 15% lower than the 2007/2008 season. The 2009/2010 forecast for sugar production is 430,000 MT. Some of the sugar cane used to produce sugar is now being used to produce ethanol. During the 2004/2005 season, as a first-time trial the local industry used 8,000 MT of sugar cane to produce ethanol for local consumption. During the 2005/2006 season one of the main sugar mills invested in a new distillery and an alcohol dehydrator plant to produce ethanol. However, because of high international sugar prices, the facility ceased producing alcohol from sugar at that time. During the 2007/2008 season, the local industry used over 808,000 MT of sugar cane to produce ethanol. The local industry estimates it will use 1,400,000 MT of sugar cane

to produce ethanol during the 2008/2009 season. Forecasts also predict the local industry will use over 2,000,000 MT of sugar cane during the 2009/2010 season to produce ethanol.

According to NCSP, another sugar mill could start operating its new ethanol plant during the 2009/2010 season. The new facility could process 300,000 to 350,000 liters of ethanol per day and has an estimated value of \$30 million. During the 2007/2008 season the local industry exported 50 million liters of ethanol and estimates it will export 80 million liters of ethanol during the 2008/2009 season. The main market for Nicaraguan ethanol continues to be European countries where Nicaraguan suppliers obtain a higher price. The local industry does not foresee beginning to export to other destinations. According to the local industry, ethanol versus sugar production has been price driven. For instance, if the market price of sugar increased enough, the local industry could shift to sugar production.

Sugar cane is produced in the Pacific Coast of Nicaragua. There are four sugar mills in Nicaragua: San Antonio, Monte Rosa, Benjamin Zeledón and Montelimar.

### **Crop Area**

During the 2008/2009 season 64,435 HA of sugar cane were planted. This shows a small increase over the 2007/2008 season, which had 64,268 HA planted. Area planted during the 2009/2010 season is forecast to increase to 67,000 HA.

### **Yields**

According to NCSP, during the 2008/2009 season the average sugar cane yield is estimated to be 78.5 MT per HA, an increase from the 2007/2008 season average yield of 76.6 MT per HA. A good rainy season in 2008/2009, may account for the increase in yield. Assuming good weather conditions, the NCSP expects to maintain a similar sugarcane yield over 76 MT per HA during the 2009/2010 season.

### **Consumption**

Total domestic consumption during the 2008/2009 season is estimated to be 246,000 MT and is forecast to increase to 247,000 MT during the 2009/2010 season. Total domestic consumption is forecast to increase by 4 percent per year.

### **Trade**

Nicaragua's key export destinations in 2008 included the United States, Canada, and Haiti. Nicaragua exported 185,244 MT, of which 66,149 MT were exported to the United States.

The United States allocates to Nicaragua two tariff rate quotas (TRQ) under WTO and CAFTA-DR commitments. The two TRQs total approximately 44,172 MT of raw sugar. This amount corresponds to the WTO TRQ for Nicaragua plus an additional TRQ negotiated under CAFTA-DR. The CAFTA-DR TRQ for the fourth year of implementation equals 23,320 MT. Nicaragua ratified the CAFTA-DR on October 10, 2005. Its implementation started on April 1, 2006.

A 55 percent import duty plus a 2 percent luxury tax was charged on sugar imports in 2008 because sugar is considered a sensitive product.

Table 3. Export Trade Matrix

Commodity Sugar, Centrifugal Time Period 2008 Units: MT	
Exports for:	
U.S.	66,149
Other World Destinations	119,096
Grand Total	185,244

**Policy**

The GON does not set sugar prices, nor does it provide subsidies or special credit programs. Nicaragua lacks a legal framework that would support the consumption of biofuels, inhibiting the commercialization of ethanol domestically.

**Marketing**

The private sector buys and sells all sugar. Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8, and 2 kg.

The Ministry of Agriculture and Forestry reported the following retail prices for refined, white plantation sugar and sugar cane in 2008.

Table 4. Prices for Retail Refined, White Plantation Sugar and for Sugar Cane in 2008

Sugar	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Aver.
Refined	5.51	5.51	5.54	5.53	5.55	5.56	5.74	5.83	5.79	5.78	5.91	5.87	5.7
White Plantation	5.00	5.02	5.00	5.00	5.07	5.00	5.24	5.33	5.29	5.28	5.32	5.35	5.2
Cane	369.0	369.0	369.0	369.0	369.0	369.0	369.0	369.0	369.0	369.0	369.0	369.0	369.0
ER*	18.94	19.02	19.10	19.17	19.25	19.33	19.41	19.49	19.57	19.65	19.73	19.81	19.37

\*Official Monthly Average Exchange Rates (Córdobas / 1 U.S. Dollar)

Official daily exchange rates for 2008 can be obtained at [the Central Bank of Nicaragua](#).